

www.LHTAC.org

LHTAC

Fiscal Year 2016 Annual Report

Arbon Valley, Power County Highway District



Enaville Bridge, Shoshone County



Middle Fork Payette River Bridge, Boise County



Old County Road Bridge, Benewah County



South Fork Payette River Bridge, Boise County



Council, Idaho—Fall LHTAC Workshop

*“The LHTAC Staff carefully heard all the concerns we had regarding the problems inherent with this project working with CE&I consultant and me as a contractor to produce a good workable solution. At the point of award I was apprehensive about there being too many bureaucratic layers to navigate but due to the **trust relationship** between the CE&I and LHTAC this felt no different than a typical state project.” - Contractor*

*“T2 and other training programs, offered or coordinated through LHTAC are a great benefit in **providing knowledge** of road maintenance and construction to all levels of staff. The Federal-aid & LHRIP grant programs are well documented, clear and the applications are not burdensome and have provided the District with needed projects to maintain our pavement and bridge assets. The Federal-aid project development process has also been **done well and allows delivery of projects in a timely manner.**” - Local*

*“I believe that they **advocate** for the LPA’s quite well. They are flexible and creative in their attempt to assist us within the regulations. Also very personable folks who are trying to facilitate our success.” - Local*

*“LHTAC helps **bridge the gap** between the consultant and the local agency. They help the local agency understand the Federal-aid process as a third party. As a consultant then we don’t have to explain why certain steps are necessary (and usually costly) to our client .” - Consultant*

*“I appreciate your patience and the opportunity to learn how everything works. All of your staff at T2 have been **EXCEPTIONALLY accommodating** and we really appreciate all that you have, are, and continue to do for us at the Highway District – and you have my personal thanks as **your assistance has helped me greatly** in settling into my new role.” - Local*

Turner Road Penstock Bridge
Caribou County



Serving the locals and finding solutions

Local Highway Technical Assistance Council
3330 Grace St.
Boise, ID 83703
208-344-0565





Our Vision

Providing the best and most efficient assistance to every Local Highway Jurisdiction in Idaho.

Advocate. Support. Train.

Letter from our Administrator

Jeff Miles, PE
LHTAC Administrator

Greetings,
Thank you for your interest in the Local Highway Technical Assistance Council (LHTAC). We completed another successful year of serving the local highway jurisdictions of Idaho by providing program administration, training opportunities, and technical assistance. During 2016 we saw an increased focus on trucking assistance to the locals, including the development of a new Over-Legal Trucking Guide. We also streamlined tasks which provided enough cost savings to advance an additional \$3 million in projects to construction for this fiscal year. LHTAC continues to focus on efficiency and effectiveness in everything we do for the local highway jurisdictions in Idaho.

I look forward to answering any questions or requests for information you may have.

Thank you for your service to the citizens and the State of Idaho.

Jeff R. Miles, PE
Administrator



Current Council Members Fiscal Year 2017

Highway Districts

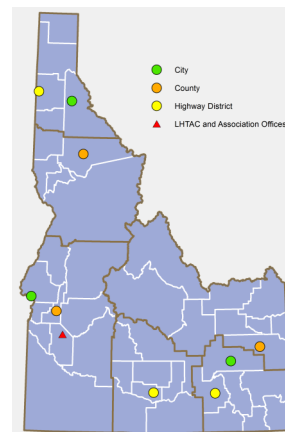
Terry Werner, Chairman—Post Falls Hwy District
Dan Schaeffer—Hillsdale Hwy District
Gilbert Hofmeister—Power County Hwy District

Counties

Mark Rekow, Vice Chairman—Gem County
Don Ebert—Clearwater County
Roger Christensen—Bonneville County

Cities

Mayor Paul Loomis, Secretary/Treasurer—City of Blackfoot
Mayor Diana Thomas—City of Weiser
Mayor Mac Pooler—City of Kellogg



*Nick Veldhouse, Executive Director, Idaho Association of Highway Districts
*Seth Grigg, Executive Director, Association of Idaho Cities
*Kelli Brassfield, Government Affairs Associate, Idaho Association of Counties

*Ex-Officio Members

Program Highlights

Construction Administration

Total Projects*	162
Total Funds*	\$177.8M
FY16 Projects	8
FY16 Funds	\$16.7M

Federal-aid Bridge

Total Projects*	89
Total Funds*	\$98.5M
New Projects	5
New Funds	\$10.6M

Federal-aid Rural

Total Projects*	207
Total Funds*	\$209.5M
New Projects	10
New Funds	\$21.6M

Federal-aid Urban

Total Projects*	61
Total Funds*	\$78.7M
New Projects	0
New Funds	0

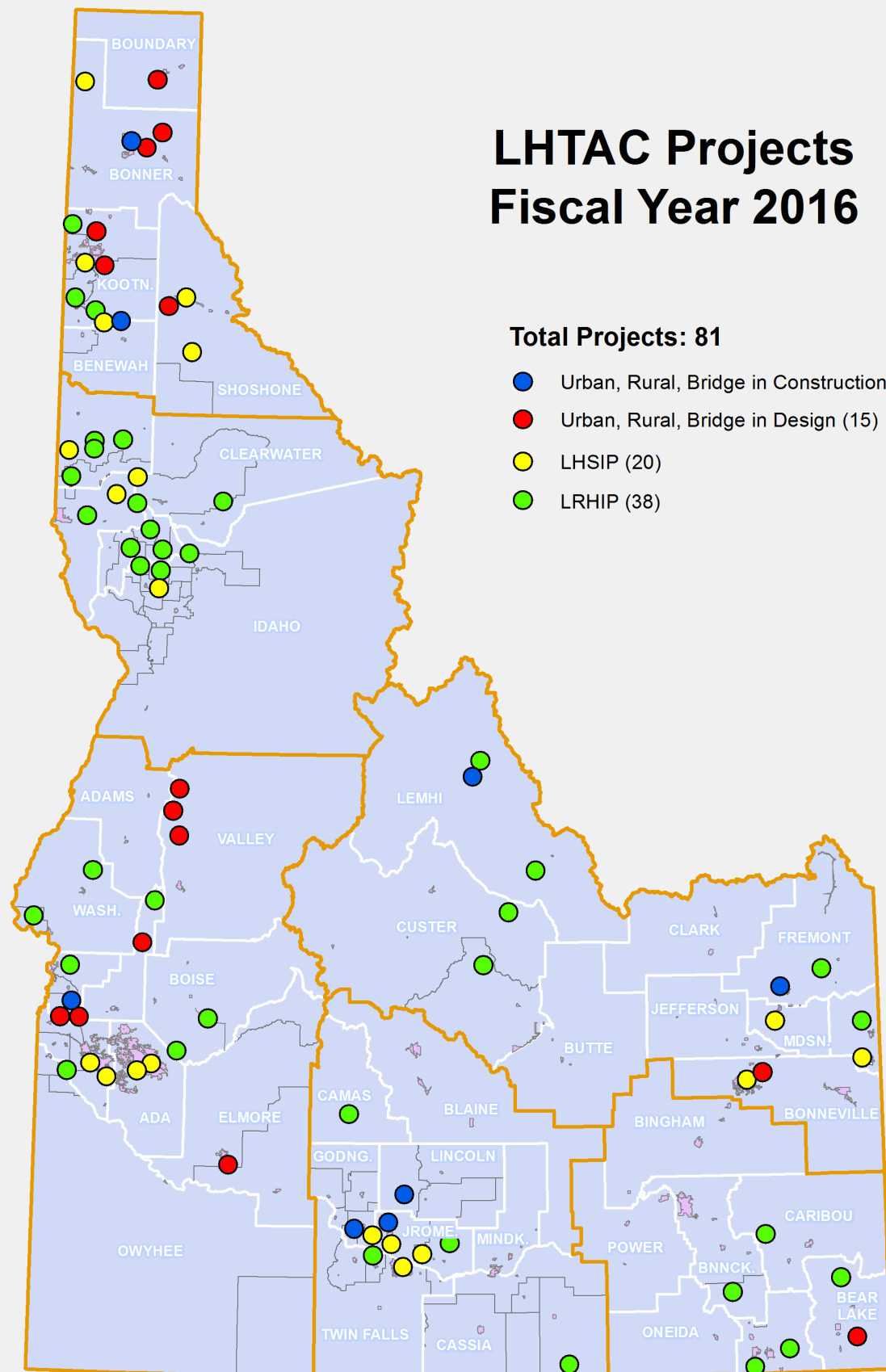
Local Highway Safety Improvement Program (LHSIP)

Total Projects*	92
Total Funds*	\$15.7M
FY16 Projects	20
FY16 Funds	\$4.0M

Local Rural Highway Investment Program (LRHIP)

Total Projects*	483
Total Funds*	\$33.2M
FY16 Projects	38
FY16 Funds	\$2.8M

*Totals are cumulative numbers since the program's inception with LHTAC through FY16.



WHO WE SERVE

CITIES

192

COUNTIES

33

HIGHWAY DISTRICTS

64

There are currently 289* Local Highway Jurisdictions with road ownership in Idaho. There are nine cities and eleven counties who have roads that are maintained by their local Highway District.

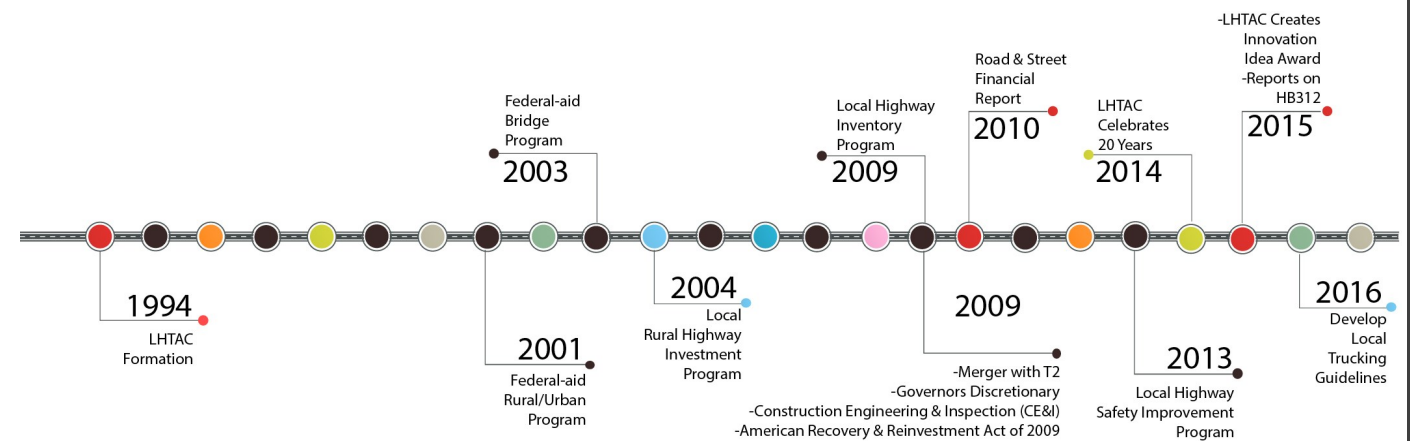
*This number may fluctuate yearly.

LHTAC Background

The Local Highway Technical Assistance Council (LHTAC) was established under Chapter 24, Title 40, Idaho Code in 1994 and continues to assist the Local Highway Jurisdictions (LHJs) on local best management practices and administering funding programs.

LHTAC is funded by a small portion (1/3 of 1%) of the local highway's share of the state's Highway Distribution Account, and is governed by equal representation of city, county and highway district elected officials from all corners of the state.

LHTAC Timeline



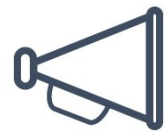
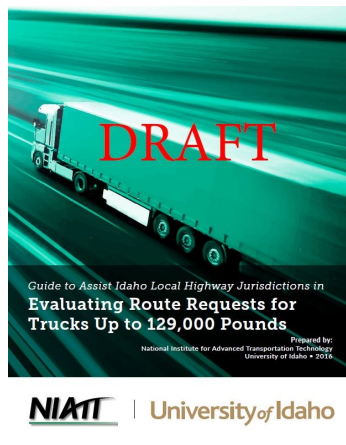
A NEW Guide on
129,000 Pound Trucks

B Record Year
for T2 Center!

C Innovation Idea Award -
ACHD Won National
RECOGNITION!

D Received Bridge
Innovation Grants

E Efficiencies
Create Project
Advancements



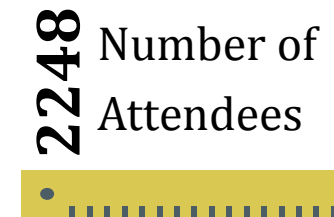
A Over-Legal Trucks

LHTAC has created a draft guide for the approval of 129,000 pound vehicles on local roadways in coordination with the Idaho Transportation Department. This guide, along with our assistance to local highway jurisdictions for permitting over-legal loads through our local permit manual and technical training, helps properly promote freight on the local system throughout Idaho.



B T2 Center

The LHTACT2 Center is part of a national program known as the Local Technical Assistance Program (LTAP). We provide training and technical assistance to meet the needs of every local highway jurisdiction in Idaho. The training courses cover a variety of topics including safety, maintenance and professional development. In FY16 we provided 130 classes to 2,248 attendees, the highest number in Idaho T2 history!



C Innovation Idea Award

When LHTAC decided to offer an Innovation Idea Award we set out with the goal to recognize Local Highway Jurisdictions and their employees for innovative ideas and efficient practices. Not only do we want to recognize these jurisdictions and individuals, we want to share their innovative ideas with other agencies. LHTAC submitted ACHD's Bottom Feeder idea to the National Local Technical Assistance Program, Build a Better Mousetrap Competition, where submittals were voted on by other centers nationwide. This Idaho local agency submittal was selected as the Local Technical Assistance Program Build a Better Mousetrap **National Award Winner!**

ACHD Bottom Feeder Award



D Innovation Grants to Promote Cost Effective Bridges

LHTAC applied for, and was awarded, two State Transportation Innovation Council (STIC) grants to provide information on innovative bridge structures to local highway jurisdictions in Idaho. The first grant provided standard engineering plans for Geosynthetic Reinforced Soil abutments, and the second grant provided a workshop to show locals how to construct these structures. The goal of both grants was to promote accelerated bridge construction in a more economical way. Both grants were provided through FHWA.



E Efficiencies

Through exceptional program administration and coordination with both local highway jurisdictions and consulting engineers, project delivery was accelerated which resulted in cost savings. The cost savings, along with money released through project closeout, contributed to the advancement of 11 projects into earlier years. LHTAC also submitted 7 projects to ITD which were ready for construction if additional end of year funds were made available.



STIC Project S Canal Bridge, Jerome Highway District

**Local Highway Technical
Assistance Council**

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended June 30, 2016

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FEDERAL REPORT

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

31



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Local Highway Technical Assistance Council
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Local Highway Technical Assistance Council (the Council), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Local Highway Technical Assistance Council, as of June 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the Council's proportionate share of the net pension liability, and schedule of Council contributions on pages 25 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Millington Zwysart CPAs, PLLC

January 24, 2017

Local Highway Technical Assistance Council
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 69,278
Restricted Cash and Cash Equivalents	1,666,562
Receivables:	
Accounts	646
Intergovernmental	563,123
Prepaid Expenses	13,257
Total Current Assets	2,312,867
Noncurrent Assets:	
Capital Assets:	
Land	176,000
Buildings and Improvements, net	1,177,237
Improvements Other Than Buildings	33,472
Machinery and Equipment, net	194,336
Capital Assets, net	1,581,045
Total Noncurrent Assets	1,581,045
Total Assets	3,893,912
Deferred Outflows	
Pension Related Items	481,703
Total Deferred Outflows	481,703
Liabilities	
Current Liabilities:	
Accounts Payable	21,914
Accrued Payroll	94,118
Unearned Revenue	640,871
Accrued Interest	1,557
Total Current Liabilities	758,459
Long-term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences	101,340
Notes Payable	36,497
Portion Due or Payable After One Year:	
Notes Payable	756,504
Net Pension Liability	717,352
Total Long-term Liabilities	1,611,693
Total Liabilities	2,370,152
Deferred Inflows	
Pension Related Items	462,703
Total Deferred Inflows	462,703
Net Position	
Invested in Capital Assets, Net of Related Debt	788,044
Restricted for:	
LRHIP	1,666,562
Unrestricted (Deficit) Surplus	(911,847)
Total Net Position	\$ 1,542,760

The accompanying notes are an integral
part of the financial statements.

Local Highway Technical Assistance Council
Statement of Activities
For the Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Primary Government:				
Governmental Activities:				
General Government	\$ 5,530,666	\$ -	\$ 3,734,805	\$ -
Interest on Long-Term Debt	38,911	-	-	-
Total Governmental Activities	<u>5,569,577</u>	<u>-</u>	<u>3,734,805</u>	<u>(1,834,772)</u>
General Revenues:				
State Appropriations				546,087
Federal Reimbursement				2,794,963
Highway Investment Program				354,725
Miscellaneous				218
Gain/(Loss) on Disposal of Assets				(8,931)
Unrestricted Investment Earnings				3,861
Total General Revenues and Special Items				<u>3,690,923</u>
Change in Net Position				<u>1,856,151</u>
Net Position, Beginning of Year, As Previously Stated				(322,406)
Prior Period Adjustment				9,015
Net Position, Beginning of Year, Restated				<u>(313,391)</u>
Net Position, End of Year				<u>\$ 1,542,760</u>

The accompanying notes are an integral part of the financial statements.

Local Highway Technical Assistance Council

Balance Sheet -
Governmental Funds
June 30, 2016

Assets

Cash and Cash Equivalents	\$ 69,278
Restricted Cash	1,666,562
Receivables, Net:	
Accounts	646
Intergovernmental	563,123
Prepaid Expenses	13,257
Total Assets	<u>\$ 2,312,867</u>

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$ 21,914
Accrued Payroll	94,118
Deposit Payable	-
Compensated Absences	2,137
Unearned Revenue	640,871
Total Liabilities	<u>759,039</u>

Fund Balance

Nonspendable	13,257
Unassigned	1,540,570
Total Fund Balance	<u>1,553,827</u>

Total Liabilities and Fund Balance	<u>\$ 2,312,867</u>
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The accompanying notes are an integral
part of the financial statements.

Local Highway Technical Assistance Council
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 June 30, 2016

Total Fund Balances - Governmental Funds \$ 1,553,827

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 176,000	
Buildings and Improvements, Net of \$155,485 Accumulated Depr	1,177,237	
Improvements Oth Than Buildings, Net of \$12,970 Accumulated Depr	33,472	
Machinery and Equipement, Net of \$230,643 Accumulated Depr	<u>194,336</u>	
		1,581,045

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Compensated Absences	(99,203)
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Long-term liabilities, including bonds payable, are not due and payable in the current period

Accrued Interest on Long-term Debt	\$ (1,557)	
Notes Payable	<u>(793,001)</u>	
		(794,558)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (717,352)	
Pension Related Deferred Inflows	(462,703)	
Pension Related Deferred Outflows	<u>481,703</u>	
		(698,352)

Total Net Position-Governmental Activities	<u><u>\$ 1,542,760</u></u>
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The accompanying notes are an integral part of the financial statements.

Local Highway Technical Assistance Council
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016

Revenues

Intergovernmental	\$ 7,181,550
Charges for Services	249,030
Miscellaneous	4,079
Total Revenues	7,434,659

Expenditures

Current:	
Personal	2,459,782
Operations	2,980,911
Debt Services:	
Principal	34,159
Interest	38,911
Capital Outlay	124,877
Total Expenditures	5,638,641

Net Change in Fund Balances	1,796,018
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Fund Balances - Beginning, Restated	(242,191)
Fund Balances - Ending	\$ 1,553,827

The accompanying notes are an integral
part of the financial statements.

Local Highway Technical Assistance Council
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016

Total Net Change in Fund Balance - Governmental Funds \$ 1,796,018

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures, However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay, Net of Deletions	\$ 96,768	
Depreciation	<u>(93,002)</u>	3,766

Repayment of long-term debt is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. However, in the Statement of Activities, the principal payments reduce the liabilities and do not result in a reduction of Net Position 34,159

Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. This represents the change in compensated absences. (4,161)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. 26,368

Change in Net Position of Governmental Activities \$ 1,856,151

The accompanying notes are an integral
 part of the financial statements.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Local Highway Technical Assistance Council (the Council) was created under Chapter 24 of Title 40, of the Idaho Code. The Council provides services to various governmental entities through representation on state agency committees, training, publications, research, and other field services.

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the Board of Directors. Control by the Council was determined on the basis of budget adoption, the selection of management, the ability to significantly influence operations, accountability for fiscal matters, and other factors. Based on this criteria, there were no component units included in the Council's report.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Council. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are expenses of the general government related to the administration and support of the Council's programs, such as personnel and accounting (but not interest on long-term debt), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental funds. If the Council had more than one fund and they were considered nonmajor, all remaining governmental funds would be aggregated and reported as nonmajor funds.

The Council reports the following major governmental fund:

- *General fund.* This is the Council's primary operating fund. It accounts for all financial resources of the Council.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Council considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

p

Different measurement focuses and bases of accounting are used in the government-wide statement of Net Position and in the governmental fund Balance Sheet.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Council uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Prepaid expenditures and inventory that are permanently precluded from conversion to cash.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (restricted, committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Council's highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the Council funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Council's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Council considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

All demand deposits, cash on hand, and investments with an original maturity of three months or less are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and intergovernmental receivables are shown net of an allowance for uncollectible.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$ 500	Straight-Line	15 - 40 Years
Machinery and Equipment	\$ 500	Straight-Line	5 - 15 Years

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Local Highway Technical Assistance Council
Notes to Financial Statements
For the Year Ended June 30, 2016

2. CASH AND INVESTMENTS

Deposits

As of June 30, 2016, the carrying amount of the Council's deposits was \$1,735,840 and the respective bank balances totaled \$1,620,705. \$250,000 of the bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Council.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2016, \$1,370,705 of the Council's deposits were not covered by the federal depository insurance or by collateral held by the Council's agent or pledging financial institution's trust department or agent in the name of the Council, and thus were exposed to custodial credit risk. The Council keeps \$100 of petty cash on hand. The Council does not have a formal policy limiting its exposure to custodial credit risk for deposits.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Council does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The Council does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

It is the Council's policy to limit investments to the safest types of securities and to diversify the Council's investment portfolio so that potential losses on securities will be minimized. The Council follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Council to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

2. CASH AND INVESTMENTS (continued)
The Council had no investments at June 30, 2016.

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

Cash and cash equivalents	<u><u>\$1,735,840</u></u>
---------------------------	---------------------------

3. RISK MANAGEMENT

The Council is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular Council employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Employees can also earn comp time that is reimbursed in the event of termination.

Changes in compensated absences for the year ended June 30, 2016, are as follows:

	<u>6/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2016</u>	<u>Current</u>
Compensated Absences	<u>\$ 95,149</u>	<u>\$ 123,689</u>	<u>\$(117,498)</u>	<u>\$ 101,340</u>	<u>\$ 101,340</u>

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>6/30/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2016</u>
Capital Assets				
Not Being Depreciated:				
Land	\$ 176,000	\$ -	\$ -	\$ 176,000
Capital Assets				
Being Depreciated:				
Buildings and Improvements	1,331,240	1,482	-	1,332,722
Improvements Other Than Buildings	58,370	-	(11,928)	46,442
Machinery & Equipment	<u>408,935</u>	<u>104,217</u>	<u>(88,173)</u>	<u>424,979</u>
Total Capital Assets Being Depreciated	<u>1,798,545</u>	<u>105,699</u>	<u>(100,101)</u>	<u>1,804,143</u>
Accumulated Depreciation For:				
Buildings and Improvements	122,219	33,266	-	155,485
Improvements Other Than Buildings	13,774	2,845	(3,649)	12,970
Machinery & Equipment	<u>215,433</u>	<u>56,891</u>	<u>(41,681)</u>	<u>230,643</u>
Total Accum. Depr.	<u>351,426</u>	<u>93,002</u>	<u>(45,330)</u>	<u>399,098</u>
Net Depreciable Assets	<u>1,447,119</u>	<u>12,697</u>	<u>(54,771)</u>	<u>1,405,045</u>
Capital Assets - Net	<u>\$1,623,119</u>	<u>\$ 12,697</u>	<u>\$ (54,771)</u>	<u>\$1,581,045</u>

6. PENSION PLAN

Plan Description

Local Highway Technical Assistance Council contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

6. PENSION PLAN (continued)

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan, as of June 30, 2016 was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	<u>67,008</u>
	<u>118,503</u>

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and the benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. Local Highway Technical Assistance Council's contributions were \$191,572 the year ended June 30, 2016.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

6. PENSION PLAN (continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, Local Highway Technical Assistance Council reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Local Highway Technical Assistance Council's proportion of the net pension liability was based on Local Highway Technical Assistance Council's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2014, Local Highway Technical Assistance Council's proportion was 0.0544754 percent.

For the year ended June 30, 2016, Local Highway Technical Assistance Council recognized pension expense/(revenue) of \$165,204. At June 30, 2016, Local Highway Technical Assistance Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 85,995
Changes in assumptions or other inputs	26,125	-
Net difference between projected and actual earnings	264,006	376,707
Local Highway Technical Assistance Council's contributions subsequent to the measurement date	191,572	
Total	\$ 481,703	\$ 462,702

\$191,572 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2015, the beginning of the measurement period ended June 30, 2015, is 5.6 years.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

6. PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

For the Year Ended June 30:	PERSI
2017	\$ 117,987
2018	(73,585)
2019	(73,585)
2020	53,410
2021	(5,226)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.25%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expense
Cost-of-living	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

Local Highway Technical Assistance Council
Notes to Financial Statements
For the Year Ended June 30, 2016

6. PENSION PLAN (continued)

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions.

Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2015.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Wilshire 5000 / Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI EAFE	15.00%	7.55%
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Rate of Return, Net of Investment Expenses			7.10%

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

6. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	1,747,210	717,352	(138,837)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

7. LONG-TERM OBLIGATIONS

In June 2014 the Council refinanced the building per the original agreement. Monthly payments of \$4,469.88 at 4.75% interest will be made through June 2029. The loan is secured by the building.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

7. LONG-TERM OBLIGATIONS (continued)

In October 2014 the Council refinanced the construction loan on the building. Monthly payments of \$1,620 at 4.65% interest will be made through October 2024. This loan is secured by the building.

Changes in long-term liabilities for the year ended June 30, 2016, was as follows:

Description	Maturity	Rate	6/30/2015	Increase	Decrease	6/30/2016	Current
Loan 3402	2029	4.75%	\$545,094	\$ -	\$ (27,926)	\$517,168	\$29,735
Loan 3401	2024	4.65%	<u>282,066</u>	<u>-</u>	<u>(6,234)</u>	<u>275,832</u>	<u>6,762</u>
			<u>\$827,160</u>	<u>\$ -</u>	<u>\$ (34,160)</u>	<u>\$793,000</u>	<u>\$36,497</u>

Debt services requirements on long-term debt at June 30, 2016, are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 36,497	\$ 36,576
2018	38,262	34,811
2019	40,112	32,961
2020	67,125	30,683
2021	83,179	26,996
2022-2027	382,140	74,731
2028-2029	<u>145,685</u>	<u>10,535</u>
	<u>\$ 793,000</u>	<u>\$ 247,293</u>

Interest expense for the year was \$38,911 for governmental activities. No interest was capitalized.

8. LEASES

The Council leases multiple copiers. The leases are for 60 months, which stated in 2012 and 2015. Payments are due monthly in the amount of \$1,542. It is anticipated that the copier will be returned at the end of the lease.

Local Highway Technical Assistance Council

Notes to Financial Statements
For the Year Ended June 30, 2016

8. LEASES (continued)

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Lease Paymet</u>
2017	\$ 18,505
2018	14,857
2019	<u>14,127</u>
	<u>\$ 47,489</u>

Lease expense for the fiscal year ended June 30, 2016, was \$21,446.

9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditure which may be disallowed by the grantor cannot be determined at this time although the council expects such amounts, if any, to be immaterial.

10. PRIOR PERIOD ADJUSTMENT

In prior years there was an operating lease that was incorrectly capitalized on the Statement of Net Position. This caused the Net Position to be understated as follows:

	<u>Governmental Activities</u>
Net Position, Beginning - As Previously Stated	\$ (322,406)
Decrease in Net Position due restated leases	9,015
Net Position, Beginning - Restated	<u>\$ (313,391)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Local Highway Technical Assistance Council
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ 6,287,555	\$ 6,287,555	\$ 7,181,550	\$ 893,995
Charges for Services	141,800	141,800	249,030	107,230
Miscellaneous	9,400	9,400	4,079	(5,321)
Total Revenues	<u>6,438,755</u>	<u>6,438,755</u>	<u>7,434,659</u>	<u>995,904</u>
Expenditures				
Current:				
Personnel	2,500,709	2,500,709	2,459,782	40,927
Operations	3,699,128	3,711,128	2,980,911	718,217
Debt Service:				
Principal	-	-	34,159	(34,159)
Interest	-	-	38,911	(38,911)
Capital Outlay	161,074	161,074	124,877	36,197
Total Expenditures	<u>6,360,911</u>	<u>6,372,911</u>	<u>5,638,641</u>	<u>722,270</u>
 Excess (Deficiency of Revenues Over Expenditures	 77,844	 65,844	 1,796,018	 273,634
 Other Financing Sources (Uses)				
Proceeds from Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	 <u>77,844</u>	 <u>65,844</u>	 <u>1,796,018</u>	 <u>273,634</u>
 Fund Balances - Beginning	 -	 -	 (242,191)	 (242,191)
Fund Balances - Ending	<u><u>\$ 77,844</u></u>	<u><u>\$ 65,844</u></u>	<u><u>\$ 1,553,827</u></u>	<u><u>\$ 31,443</u></u>

Local Highway Technical Assistance Council
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

1. BUDGETS AND BUDGETARY ACCOUNTING

The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to June 1, the Board of Directors prepares a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to June 1, the budget is legally passed.
- D. The Board of Directors, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount if additional revenue will accrue to the Council as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than advalorem tax revenues.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Expenditures may not legally exceed budgeted appropriations at the fund level. The Council does not use the encumbrance method of accounting.

Local Highway Technical Assistance Council
 Schedule of the Council's Proportionate Share of the
 Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	<u>2016</u>	<u>2015</u>
Council proportion of the net pension liability (asset)	0.0547540%	0.0531572%
Council's proportionate share of the net pension liability (asset)	\$ 717,352	\$ 391,320
Council's covered-employee payroll	\$ 1,692,335	\$ 1,525,841
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.39%	25.65%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	94.95%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Local Highway Technical Assistance Council will present information for those years for which information is available.

Data reported is measured as of July 1, 2015

Local Highway Technical Assistance Council
Schedule of Council Contributions

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

	2016	2015
Contractually required contributions	\$ 191,572	\$ 172,725
Contributions in relation to the contractually required contribution	191,572	172,725
Contribution deficiency (excess)	\$ -	\$ -
Council's covered-employee payroll	\$ 1,692,335	\$ 1,525,841
Contributions as a percentage of covered-employee payroll	11.32%	11.32%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Local Highway Technical Assistance Council will present information for those years for which information is available.
 Data reported is measured as of June 30,2016

SUPPLEMENTARY INFORMATION

Local Highway Technical Assistance Council
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Intergovernmental:				
State Appropriation	\$ 487,500	\$ 487,500	\$ 546,087	\$ 58,587
Federal Reimbursement	2,730,655	2,730,655	2,545,933	(184,722)
Highway Investment Program	269,400	269,400	354,725	85,325
LRHIP Grant	2,800,000	2,800,000	3,734,805	934,805
Total Intergovernmental	<u>6,287,555</u>	<u>6,287,555</u>	<u>7,181,550</u>	<u>893,995</u>
Charges for Services:				
T2 Revenue	141,800	141,800	249,030	107,230
Total Charges for Services	<u>141,800</u>	<u>141,800</u>	<u>249,030</u>	<u>107,230</u>
Miscellaneous:				
Interest	1,900	1,900	3,861	1,961
Miscellaneous	7,500	7,500	218	(7,282)
Total Miscellaneous	<u>9,400</u>	<u>9,400</u>	<u>4,079</u>	<u>(5,321)</u>
Total Revenues	<u>\$ 6,438,755</u>	<u>\$ 6,438,755</u>	<u>\$ 7,434,659</u>	<u>\$ 995,904</u>

Local Highway Technical Assistance Council
Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Personal:				
Salaries	\$ 1,828,962	\$ 1,828,962	\$ 1,783,584	\$ 45,378
Council Wages	1,500	1,500	3,000	(1,500)
Payroll Taxes and Benefits	670,247	670,247	673,198	(2,951)
Total Personal	<u>2,500,709</u>	<u>2,500,709</u>	<u>2,459,782</u>	<u>40,927</u>
Operations:				
FHWA Reimbursable Expenses	500,000	500,000	285,050	214,950
T2 Center Reimbursable Expenses	93,200	93,200	686	92,514
T2 Project Match	-	-	183,264	(183,264)
LTAP Conference	-	-	-	-
Safety Study Match	-	-	2,095	(2,095)
LRHIP Grant Distribution	2,824,680	2,824,680	2,038,061	786,619
Printing & Copying	36,500	36,500	41,194	(4,694)
Postage	10,000	10,000	7,602	2,398
Phone	25,000	25,000	32,192	(7,192)
Office Supplies	20,500	20,500	25,214	(4,714)
Equipment Maintenance	7,000	7,000	2,368	4,632
Building Maintenance	16,000	16,000	15,263	737
Utilities	11,000	11,000	11,579	(579)
Janitorial	7,000	7,000	6,118	882
Council Travel	15,000	15,000	12,591	2,409
Staff Travel	40,000	40,000	188,801	(148,801)
Local Meeting	5,000	5,000	3,559	1,441
Audit Services	9,500	9,500	9,400	100
Legal Services	20,000	20,000	33,357	(13,357)
Contractual Services	25,000	37,000	26,890	10,110
Reference Material	3,500	3,500	1,293	2,207
Membership Dues	-	-	3,214	(3,214)
Equipment Repair and Maintenance	-	-	-	-
Interest and Fees	-	-	2,075	(2,075)
Insurance	13,248	13,248	13,090	158
Training	9,000	9,000	21,699	(12,699)
Promotion	8,000	8,000	14,254	(6,254)
Total Operations	<u>3,699,128</u>	<u>3,711,128</u>	<u>2,980,911</u>	<u>730,217</u>
Capital Outlay	161,074	161,074	124,877	36,197
Debt Service:				
Principal	-	-	34,159	(34,159)
Debt	-	-	38,911	(38,911)
Total Expenditures	<u>\$ 6,360,911</u>	<u>\$ 6,372,911</u>	<u>\$ 5,638,641</u>	<u>\$ 734,270</u>

FEDERAL REPORT



Millington Zwygart

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Directors
Local Highway Technical Assistance Council
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Local Highway Technical Assistance Council, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Local Highway Technical Assistance Council's basic financial statements and have issued our report thereon dated January 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Local Highway Technical 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Local Highway Technical Assistance Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Local Highway Technical Assistance Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Local Highway Technical Assistance Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millington Zwysart CPAs, PLLC

Caldwell, Idaho
January 24, 2017